

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR A)	
CERTIFICATE OF CONVENIENCE AND NECESSITY)	CASE NO.
PURSUANT TO KRS 278.020(1) AND 807 KAR)	96-199
5:001, SECTION 9, AND RELATED SECTIONS,)	
AUTHORIZING CERTAIN PROPOSED CONSTRUCTION)	
AND ASSOCIATED CAPITAL OUTLAY)	

O R D E R

IT IS ORDERED that Jackson County Rural Electric Cooperative Corporation ("Jackson County") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 7 days from the date of this Order.

1. Describe in detail any financing sources other than National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. This response should include the reason(s) that CFC financing was selected over other options as well as the results of any studies conducted which support the use of CFC financing.
2. Provide the additional debt service requirements associated with the Rural Utilities Service ("RUS") loan and the CFC loan, using the RUS interest rate and the current CFC variable and fixed interest rates.

3. Provide an amortization schedule of the proposed CFC loan using the current rates for variable and fixed loans.

4. Explain whether Jackson County will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Explain how Jackson County's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

6. Provide a copy of the Long Range Financial Forecast filed with RUS to support the proposed financing.

7. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. (1) Which option does Jackson County plan to use in the purchase?

(2) Why was this option selected?

8. Describe the interest rate options currently available to Jackson County through CFC and provide copies of documents from CFC describing them.

9. If the advance of funds from this proposed loan were made by the date of Jackson County's response to this Order, explain which loan program Jackson County would select and why. Include with this explanation the results of all economic studies and analyses used to make this selection.

10. Provide documentation which indicates that the loans have been approved by RUS and CFC.

11. Provide a copy of Jackson County's mortgage agreement with CFC, noting the differences between the current agreement and the previous mortgage agreement. If the mortgage agreement has not changed, state that no changes have been made and identify the most recent case in which the current mortgage agreement was filed.

12. Concerning the actual work performed under the 1996-1998 Work Plan:

a. When did Jackson County begin construction under the 1996-1998 Work Plan?

b. How much has Jackson County spent on the 1996-1998 Work Plan, as of the date of its response to this Order?

13. Provide a copy of the Jackson County Board of Directors' resolution which authorizes the proposed borrowing.

14. Provide a voltage drop study based on:

a. 1995 loads using existing system circuitry.

b. 1998 loads using existing system circuitry.

c. 1998 loads using proposed system circuitry.

15. Has Jackson County compared actual measured voltage and the calculated voltage to determine the accuracy of the voltage drop studies?

a. If yes, provide the voltage readings and indicate the substation, line section, and date on which each reading was taken. If the actual reading differs from the calculated voltage by more than three volts, explain the reason for the difference.

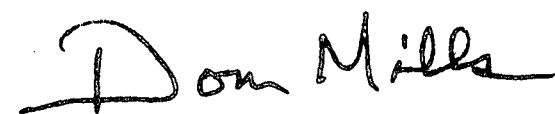
b. If no, explain why a comparison is not necessary.

Done at Frankfort, Kentucky, this 15th day of July, 1996.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director